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**** BILL NO. ****

INTRODUCED BY ****

BY REQUEST OF THE ****

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING EDUCATION LAWS FOR TECHNICAL CLEAN-UP, CLARIFICATION, AND REMOVAL OF UNNECESSARY AND OBSOLETE PROVISIONS; REVISING THE LIMITS ON THE INNOVATIVE EDUCATIONAL PROGRAM TAX CREDIT FOR K-12 SCHOOL DISTRICTS; CLARIFYING THE BUDGET LIMITS FOR A NEW K-12 SCHOOL DISTRICT; CLARIFYING THE ENROLLMENT COUNTS FOR A CHILD PARTICIPATING IN AN EARLY LITERACY JUMPSTART PROGRAM IN A SCHOOL DISTRICT OTHER THAN THE CHILD'S RESIDENT SCHOOL DISTRICT; ALIGNING THE HOME VALUE AMOUNTS FOR PROPERTY TAX IMPACT STATEMENTS WITH OTHERS IN STATUTE; REMOVING EXPIRED CONTINGENCY LANGUAGE RELATED TO THE CLOSURE OF A COAL-FIRED GENERATING UNIT; AMENDING SECTIONS 15-30-3110, 20-6-702, 20-6-703, 20-7-1804, 20-9-116, 20-9-311, AND 20-9-638, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-30-3110, MCA, is amended to read:

"15-30-3110. (Temporary) Credit for providing supplemental funding to public schools --

innovative educational program. (1) Subject to subsection (4), a taxpayer or corporation is allowed a credit against the tax imposed by chapter 30 or 31 for donations made to a school district for the purpose of providing supplemental funding to the school district for innovative educational programs. The amount of the credit allowed is equal to the amount of the donation, not to exceed \$200,000.

(2) (a) If the credit allowed under this section is claimed by a small business corporation, a pass-through entity, or a partnership, the credit must be attributed to shareholders, owners, or partners using the same proportion as used to report the entity's income or loss.

(b) A donation by an estate or trust qualifies for the credit. Any credit not used by the estate or trust may be attributed to each beneficiary of the estate or trust in the same proportion used to report the

1 beneficiary's income from the estate or trust for Montana income tax purposes.

2 (3) The credit allowed under this section may not exceed the taxpayer's income tax liability but
3 may be carried forward 3 years. The entire amount of the tax credit not used in the year earned must be carried
4 first to the earliest tax year in which the credit may be applied and then to each succeeding tax year.

5 (4) (a) (i) The aggregate amount of tax credits allowed under this section is \$2 million per year in
6 tax year 2023 and \$5 million per year in tax year 2024 and subsequent tax years except as provided in this
7 subsection (4)(a).

8 (ii) Beginning in 2024, by December 31 of each year, the department shall determine if 80% of the
9 aggregate limit provided for in subsection (4)(a)(iii) in donations was preapproved by the department. If this
10 condition is satisfied, the aggregate amount of tax credits allowed must be increased by 20% for the
11 succeeding tax years.

12 (iii) If the aggregate limit is increased in any tax year, the department shall use the new limit as the
13 base aggregate limit for succeeding tax years until a new aggregated limit is established under the provisions of
14 subsection (4)(a)(ii).

15 (b) The aggregate limit under this subsection (4) applies to the year in which a donation is made
16 regardless of whether the full credit is claimed in that tax year or carried forward.

17 (5) A credit is not allowed under this section with respect to any amount deducted by the taxpayer
18 for state tax purposes as a charitable contribution to a charitable organization qualified under section 501(c)(3)
19 of the Internal Revenue Code, 26 U.S.C. 501(c)(3). This section does not prevent a taxpayer from:

20 (a) claiming a credit under this section instead of a deduction; or

21 (b) claiming an exclusion, deduction, or credit for a charitable contribution that exceeds the amount
22 for which the credit is allowed under this section.

23 (6) (a) On receiving a donation under this part, a school district shall seek preapproval, in a
24 manner prescribed by the department, that the amount of tax credit sought by the taxpayer is available under
25 the aggregate limit under subsection (4).

26 (b) On preapproval by the department, a school district shall issue a receipt, in a form prescribed
27 by the department, to each contributing taxpayer indicating the value of the donation received and preapproval
28 of the tax credit.

- 1 (c) A taxpayer shall provide a copy of the receipt when claiming the tax credit.
- 2 (7) (a) A school district may not retain donations under this section that exceed either:
- 3 (i) the greater of \$50,000 or 15% of the school district's maximum general fund budget; or
- 4 (ii) (A) for a high school or elementary district, 20% of the total aggregate amount provided for in
- 5 subsection (4); and
- 6 (B) for a K-12 district, 40% of the total aggregate amount provided for in subsection (4).

7 (b) If a school district receives donations that exceed the amounts provided for in subsection
 8 (7)(a), the school district shall remit the excess funds within 30 days to the superintendent of public instruction
 9 for deposit in the account provided for in 20-9-250.

10 (c) The superintendent of public instruction shall distribute funds received under subsection (7)(b)
 11 to school districts as described in 20-9-250. A school district shall deposit funds received under this subsection
 12 (7)(c) into the school district flexibility fund and use them for out-of-pocket pupil costs provided for in 20-7-
 13 1506(5)(a).

14 (8) A school district shall deposit retained donations into the school district's miscellaneous
 15 programs fund and shall limit the expenditure of the donation to expenditures for innovative educational
 16 programs of the school district. (Terminates December 31, 2029--sec. 20, Ch. 480, L. 2021, sec. 7, Ch. 558, L.
 17 2023, sec. 12, Ch. 558, L. 2023.)"

18
 19 **Section 2.** Section 20-6-702, MCA, is amended to read:

20 **"20-6-702. Funding for K-12 school districts.** (1) Notwithstanding the provisions of subsections (2)
 21 through (6), a K-12 school district formed under the provisions of 20-6-701 is subject to the provisions of law for
 22 high school districts.

23 (2) The number of elected trustees of the K-12 school district must be based on the classification of
 24 the attached elementary district under the provisions of 20-3-341 and 20-3-351.

25 (3) Calculations for the following must be made separately for the elementary school program and the
 26 high school program of a K-12 school district:

27 (a) the calculation of ANB for purposes of determining the total per-ANB entitlements must be in
 28 accordance with the provisions of 20-9-311;

1 (b) the basic county tax for elementary equalization and revenue for the elementary BASE funding
2 program for the district must be determined in accordance with the provisions of 20-9-331, and the basic county
3 tax for high school equalization and revenue for the high school BASE funding program for the district must be
4 determined in accordance with 20-9-333;

5 (c) the guaranteed tax base aid for BASE funding program purposes for a K-12 school district must
6 be calculated separately, using each district's guaranteed tax base ratio, as defined in 20-9-366. The BASE
7 budget levy to be levied for the K-12 school district must be prorated based on the ratio of the BASE funding
8 program amounts for elementary school programs to the BASE funding program amounts for high school
9 programs.

10 (d) the levy authority limits under 20-9-502(3) and the corresponding state school major maintenance
11 aid under 20-9-525(3) for a K-12 school district must be calculated separately for the K-12 school district's
12 elementary and high school programs in the same manner as those limits and aid would be calculated if the K-
13 12 school district consisted of a separate elementary and high school district.

14 (4) The retirement obligation and eligibility for retirement guaranteed tax base aid for a K-12 school
15 district must be calculated and funded as a high school district retirement obligation under the provisions of 20-
16 9-501.

17 (5) For the purposes of budgeting for a K-12 school district, the trustees shall adopt a single fund for
18 any of the budgeted or nonbudgeted funds described in 20-9-201 for the costs of operating all grades and
19 programs of the district.

20 (6) Tuition for attendance in the K-12 school district must be determined separately for high school
21 pupils and for elementary pupils under the provisions of 20-5-320 through 20-5-324, ~~except that the actual~~
22 ~~expenditures used for calculations in 20-5-323 must be based on an amount prorated between the elementary~~
23 ~~and high school programs in the appropriate funds of each district in the year prior to the attachment of the~~
24 ~~districts."~~

25

26 **Section 3.** Section 20-6-703, MCA, is amended to read:

27 **"20-6-703. Transitions after formation of K-12 school district.** (1) When an attachment order for a
28 K-12 school district becomes effective on July 1 under the provisions of 20-6-701:

1 (a) the county superintendent shall order the trustees to execute all necessary and appropriate
2 deeds, bills of sale, or other instruments for the conveyance of title to all real and personal property of the
3 elementary district to the high school district;

4 (b) the trustees of the elementary district shall entrust the minutes of the board of trustees, the
5 elementary district documents, and other records to the high school district to which it is attached; and

6 (c) the county treasurer shall transfer all end-of-the-year warrants and fund balances of the
7 attached elementary district to the similar funds established for the K-12 school district in the high school
8 district.

9 (2) All taxes levied by and revenue due from a previous school fiscal year to an elementary district
10 attached to a high school district must be payable to the appropriate fund of the high school district.

11 (3) The previous year's general fund budget amounts for the elementary district and the high
12 school district that form a K-12 school district must be combined-used to determine the budget limitation for the
13 ensuing school fiscal year pursuant to the calculations described in 20-9-308(1)(b)."
14

15 **Section 4.** Section 20-7-1804, MCA, is amended to read:

16 **"20-7-1804. Early literacy targeted interventions -- funding -- reporting.** (1) An eligible child
17 participating in a classroom-based program pursuant to 20-7-1803(5) must be included in enrollment counts for
18 the purpose of ANB calculations in the manner described in 20-9-311.

19 (2) The superintendent of public instruction shall pay for the costs for an eligible child participating
20 in a home-based program pursuant to 20-7-1803(6) from funds appropriated for this purpose. The cost for each
21 child may not exceed \$1,000 a year. If the annual appropriation for this program is not sufficient to fully fund all
22 eligible children participating in the home-based program, the superintendent shall limit participation on a first-
23 come, first-served basis.

24 (3) An eligible child participating in a jumpstart program pursuant to 20-7-1803(7) must be counted
25 as quarter-time enrollment by the school district providing the jumpstart program for the purpose of ANB
26 calculations pursuant to 20-9-311. An eligible child participating in a jumpstart program provided by a district
27 other than the child's resident school district does not require an out-of-district attendance agreement and is not
28 subject to the tuition laws under 20-5-320 through 20-5-324.

1 (4) Trustees offering an early literacy targeted intervention shall closely monitor the program and
2 report annually to the superintendent of public instruction on the efficacy of the program no later than July 15.

3 The superintendent shall collaborate with trustees in maximizing the efficiency of fulfilling this reporting
4 requirement. The report must include anonymized information on student progress, including the student's
5 performance on:

- 6 (a) the evaluation methodology that led to eligibility for the program;
- 7 (b) any formative assessments administered;
- 8 (c) if administered, the evaluation methodology at the end of the school year in which intervention
9 was provided; and
- 10 (d) any statewide reading assessments administered in grades 4 through 6.

11 (5) Pursuant to 20-7-104, the superintendent of public instruction shall monitor early literacy
12 targeted interventions and gather data to evaluate the efficacy of the interventions while protecting the privacy
13 rights of students and families. The superintendent shall report, in accordance with 5-11-210, to the education
14 interim committee and the education interim budget committee no later than September 1 annually. The report
15 must contain a comparison analysis by intervention type, including no intervention, and must include:

- 16 (a) the number of participating and nonparticipating children and districts;
- 17 (b) longitudinal data displaying the proficiency level of participating and nonparticipating children at
18 each grade level following participation in an intervention;
- 19 (c) at a time when the data is available, long-term outcome data for participants and
20 nonparticipants, including but not limited to:
 - 21 (i) assessment data in 8th grade and high school;
 - 22 (ii) high school graduation rates; and
 - 23 (iii) postsecondary participation rates; and
- 24 (d) a list of schools offering one or more targeted interventions and a list of the matched
25 comparable nonparticipating schools that on the most recent 4th grade statewide reading assessment:
 - 26 (i) had 75% or more of its students score at proficient or above; or
 - 27 (ii) improved the percentage of students scoring at proficient or above by 10 or more percentage
28 points."

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Section 5. Section 20-9-116, MCA, is amended to read:

"20-9-116. (Temporary) Resolution of intent to increase nonvoted levy -- notice. (1) The trustees of a school district shall adopt a resolution no later than March 31 of each fiscal year and provide notice pursuant to subsection (2) whenever the trustees intend to impose an increase in a nonvoted levy in the ensuing school fiscal year for the purposes of funding any of the funds listed below:

- (a) the tuition fund under 20-5-324;
- (b) the adult education fund under 20-7-705;
- (c) the transportation fund under 20-10-143 and 20-10-144;
- (d) the bus depreciation reserve fund under 20-10-147; and
- (e) the flexibility fund established in 20-9-543 for the purposes in 20-7-1602.

(2) The trustees shall provide notice of intent to impose an increase in a nonvoted levy for the ensuing school fiscal year by:

(a) adopting a resolution of intent to impose an increase in a nonvoted levy that includes, at a minimum, the estimated number of increased or decreased mills to be imposed and the estimated increased or decreased revenue to be raised compared to nonvoted levies under subsections (1)(a) through (1)(e) imposed in the current school fiscal year and, based on the district's taxable valuation most recently certified by the department of revenue under 15-10-202, the estimated impacts of the increase or decrease on ~~a home valued at \$100,000 and a home valued at \$200,000~~ homes valued at \$100,000, \$300,000, and \$600,000; and

(b) publishing in a newspaper that will give notice to the largest number of people of the district as determined by the trustees and posting to the school district's website:

- (i) the resolution under subsection (2)(a); and
- (ii) the resolution under 20-9-502(3)(a)(i) if adopted by the trustees. (Terminates June 30, 2027-- sec. 7, Ch. 402, L. 2019.)

20-9-116. (Effective July 1, 2027) Resolution of intent to increase nonvoted levy -- notice. (1)

The trustees of a school district shall adopt a resolution no later than June 1 in fiscal year 2017 only and no later than March 31 in fiscal year 2018 and subsequent fiscal years and provide notice pursuant to subsection (2) whenever the trustees intend to impose an increase in a nonvoted levy in the ensuing school fiscal year for

1 the purposes of funding any of the funds listed below:

- 2 (a) the tuition fund under 20-5-324;
- 3 (b) the adult education fund under 20-7-705;
- 4 (c) the transportation fund under 20-10-143 and 20-10-144; and
- 5 (d) the bus depreciation reserve fund under 20-10-147.

6 (2) The trustees shall provide notice of intent to impose an increase in a nonvoted levy for the
7 ensuing school fiscal year by:

8 (a) adopting a resolution of intent to impose an increase in a nonvoted levy that includes, at a
9 minimum, the estimated number of increased or decreased mills to be imposed and the estimated increased or
10 decreased revenue to be raised compared to nonvoted levies under subsections (1)(a) through (1)(d) imposed
11 in the current school fiscal year and, based on the district's taxable valuation most recently certified by the
12 department of revenue under 15-10-202, the estimated impacts of the increase or decrease on ~~a home valued~~
13 ~~at \$100,000 and a home valued at \$200,000~~ homes valued at \$100,000, \$300,000, and \$600,000; and

14 (b) publishing in a newspaper that will give notice to the largest number of people of the district as
15 determined by the trustees and posting to the school district's website:

- 16 (i) the resolution under subsection (2)(a); and
- 17 (ii) the resolution under 20-9-502(3)(a)(i) if adopted by the trustees."

18

19 **Section 6.** Section 20-9-311, MCA, is amended to read:

20 **"20-9-311. Calculation of average number belonging (ANB) -- 3-year averaging.** (1) Average
21 number belonging (ANB) must be computed for each budget unit as follows:

22 (a) compute an average enrollment by adding a count of regularly enrolled pupils who were
23 enrolled as of the first Monday in October of the prior school fiscal year to a count of regularly enrolled pupils on
24 the first Monday in February of the prior school fiscal year or the next school day if those dates do not fall on a
25 school day, and divide the sum by two; and

26 (b) multiply the average enrollment calculated in subsection (1)(a) by the sum of 180 and the
27 approved pupil-instruction-related days for the current school fiscal year and divide by 180.

28 (2) For the purpose of calculating ANB under subsection (1), up to 7 approved pupil-instruction-

1 related days may be included in the calculation.

2 (3) When a school district has approval to operate less than the minimum aggregate hours under
3 20-9-806, the total ANB must be calculated in accordance with the provisions of 20-9-805.

4 (4) (a) Except as provided in subsection (4)(d), for the purpose of calculating ANB, enrollment in
5 an education program:

6 (i) from 180 to 359 aggregate hours of pupil instruction per school year is counted as one-quarter-
7 time enrollment;

8 (ii) from 360 to 539 aggregate hours of pupil instruction per school year is counted as half-time
9 enrollment;

10 (iii) from 540 to 719 aggregate hours of pupil instruction per school year is counted as three-
11 quarter-time enrollment; and

12 (iv) 720 or more aggregate hours of pupil instruction per school year is counted as full-time
13 enrollment.

14 (b) Except as provided in subsection (4)(d), enrollment in a program intended to provide fewer than
15 180 aggregate hours of pupil instruction per school year may not be included for purposes of ANB.

16 (c) Enrollment in a self-paced program or course may be converted to an hourly equivalent based
17 on the hours necessary and appropriate to provide the course within a regular classroom schedule.

18 (d) A school district may include in its calculation of ANB a pupil who is enrolled in a program
19 providing fewer than the required aggregate hours of pupil instruction required under subsection (4)(a) or (4)(b)
20 if the pupil has demonstrated proficiency in the content ordinarily covered by the instruction as determined by
21 the school board using district assessments. The ANB of a pupil under this subsection (4)(d) must be converted
22 to an hourly equivalent based on the hours of instruction ordinarily provided for the content over which the
23 student has demonstrated proficiency.

24 (e) (i) Except as provided in subsection (4)(e)(ii), a pupil in kindergarten through grade 12 who is
25 concurrently enrolled in more than one public school, program, or district may not be counted as more than one
26 full-time pupil for ANB purposes. When a pupil is concurrently enrolled in more than one district, any fractional
27 enrollment under subsection (4)(a) must be attributed first to a pupil's nonresident district.

28 (ii) A pupil who participates in a jumpstart program under Title 20, chapter 7, part 18, may be

1 counted as up to 1 1/4 enrollment for ANB purposes. A district shall add one-quarter enrollment for a pupil who
2 participated in an early literacy jumpstart program provided by the district to the pupil's regular enrollment count
3 under this subsection (4) in both the October and February enrollment counts following the student's
4 participation in the jumpstart program.

5 (5) For a district that is transitioning from a half-time to a full-time kindergarten program, the state
6 superintendent shall count kindergarten enrollment in the previous year as full-time enrollment for the purpose
7 of calculating ANB for the elementary programs offering full-time kindergarten in the current year. For the
8 purposes of calculating the 3-year ANB, the superintendent of public instruction shall count the kindergarten
9 enrollment as one-half enrollment and then add the additional kindergarten ANB to the 3-year average ANB for
10 districts offering full-time kindergarten.

11 (6) When a pupil has been absent, with or without excuse, for more than 10 consecutive school
12 days, the pupil may not be included in the enrollment count used in the calculation of the ANB unless the pupil
13 resumes attendance prior to the day of the enrollment count.

14 (7) (a) The enrollment of preschool pupils, as provided in 20-7-117, may not be included in the
15 ANB calculations.

16 (b) Except as provided in subsection (7)(c), a pupil who has reached 19 years of age by
17 September 10 of the school year may not be included in the ANB calculations.

18 (c) A pupil with disabilities who is over 19 years of age and has not yet reached 21 years of age by
19 September 10 of the school year and who is receiving special education services from a school district pursuant
20 to 20-7-411(4)(a) may be included in the ANB calculations if:

21 (i) the student has not graduated;

22 (ii) the student is eligible for special education services and is likely to be eligible for adult services
23 for individuals with developmental disabilities due to the significance of the student's disability; and

24 (iii) the student's individualized education program has identified transition goals that focus on
25 preparation for living and working in the community following high school graduation since age 16 or the
26 student's disability has increased in significance after age 16.

27 (d) A school district providing special education services pursuant to subsection (7)(c) is
28 encouraged to collaborate with agencies and programs that serve adults with developmental disabilities in

1 meeting the goals of a student's transition plan.

2 (8) The average number belonging of the regularly enrolled pupils for the public schools of a
3 district must be based on the aggregate of all the regularly enrolled pupils attending the schools of the district,
4 except that:

5 (a) the ANB is calculated as a separate budget unit when:

6 (i) a school of the district is located more than 20 miles beyond the incorporated limits of a city or
7 town located in the district and at least 20 miles from any other school of the district, the number of regularly
8 enrolled pupils of the school must be calculated as a separate budget unit for ANB purposes and the district
9 must receive a basic entitlement for the school calculated separately from the other schools of the district;

10 (ii) a school of the district is located more than 20 miles from any other school of the district and
11 incorporated territory is not involved in the district, the number of regularly enrolled pupils of the school must be
12 calculated separately for ANB purposes and the district must receive a basic entitlement for the school
13 calculated separately from the other schools of the district;

14 (iii) the superintendent of public instruction approves an application not to aggregate when
15 geographic barriers exist affecting transportation, such as poor roads, mountains, rivers, or other obstacles to
16 travel, that would result in an unusual hardship to the pupils of the school if they were transported to another
17 school, the number of regularly enrolled pupils of the school must be calculated separately for ANB purposes
18 and the district must receive a basic entitlement for the school calculated separately from the other schools of
19 the district; or

20 (iv) two or more districts consolidate or annex under the provisions of 20-6-422 or 20-6-423, the
21 ANB and the basic entitlements of the component districts must be calculated separately for a period of 3 years
22 following the consolidation or annexation. Each district shall retain a percentage of its basic entitlement for 3
23 additional years as follows:

24 (A) 75% of the basic entitlement for the fourth year;

25 (B) 50% of the basic entitlement for the fifth year; and

26 (C) 25% of the basic entitlement for the sixth year.

27 (b) when a junior high school has been approved and accredited as a junior high school, all of the
28 regularly enrolled pupils of the junior high school must be considered as high school district pupils for ANB

1 purposes;

2 (c) when a middle school has been approved and accredited, all pupils below the 7th grade must
3 be considered elementary school pupils for ANB purposes and the 7th and 8th grade pupils must be considered
4 high school pupils for ANB purposes; or

5 (d) when a school has been designated as nonaccredited by the board of public education
6 because of failure to meet the board of public education's assurance and performance standards, the regularly
7 enrolled pupils attending the nonaccredited school are not eligible for average number belonging calculation
8 purposes, nor will an average number belonging for the nonaccredited school be used in determining the BASE
9 funding program for the district.

10 (9) The district shall provide the superintendent of public instruction with semiannual reports of
11 school attendance, absence, and enrollment for regularly enrolled students, using a format determined by the
12 superintendent.

13 (10) (a) Except as provided in subsections (10)(b) and (10)(c), enrollment in a basic education
14 program provided by the district through any combination of in-person or remote instruction may be included for
15 ANB purposes only if the pupil is offered access to the complete range of educational services for the basic
16 education program required by the accreditation standards adopted by the board of public education.

17 (b) Access to school programs and services for a student placed by the trustees in a private
18 program for special education may be limited to the programs and services specified in an approved individual
19 education plan supervised by the district.

20 (c) Access to school programs and services for a student who is incarcerated in a facility, other
21 than a youth detention center, may be limited to the programs and services provided by the district at district
22 expense under an agreement with the incarcerating facility.

23 (d) This subsection (10) may not be construed to require a school district to offer access to
24 activities governed by an organization having jurisdiction over interscholastic activities, contests, and
25 tournaments to a pupil who is not otherwise eligible under the rules of the organization.

26 (11) A district may include only, for ANB purposes, an enrolled pupil who is otherwise eligible under
27 this title and who is:

28 (a) a resident of the district or a nonresident student admitted by trustees under a student

1 attendance agreement and who is attending a school or an offsite instructional setting of the district;

2 (b) unable to attend school due to a medical reason certified by a medical doctor and receiving
3 individualized educational services supervised by the district, at district expense, at a home or facility that does
4 not offer an educational program;

5 (c) unable to attend school due to the student's incarceration in a facility, other than a youth
6 detention center, and who is receiving individualized educational services supervised by the district, at district
7 expense, at a home or facility that does not offer an educational program;

8 (d) receiving special education and related services, other than day treatment, under a placement
9 by the trustees at a private nonsectarian school or private program if the pupil's services are provided at the
10 district's expense under an approved individual education plan supervised by the district;

11 (e) participating in the running start program at district expense under 20-9-706;

12 (f) receiving educational services, provided by the district, using appropriately licensed district staff
13 at a private residential program or private residential facility licensed by the department of public health and
14 human services;

15 (g) enrolled in an educational program or course provided at district expense using remote delivery
16 methods, including but not limited to tutoring, distance learning programs, online programs, and technology
17 delivered learning programs. The pupil:

18 (i) must meet the residency requirements for that district as provided in 1-1-215;

19 (ii) shall live in the district and must be eligible for educational services under the Individuals With
20 Disabilities Education Act or under 29 U.S.C. 794; or

21 (iii) must be enrolled in the educational program or course under a mandatory attendance
22 agreement as provided in 20-5-321; or

23 (iv) must be receiving remote instruction under 20-7-118(1)(c).

24 (h) a resident of the district attending the Montana youth challenge program or a Montana job
25 corps program under an interlocal agreement with the district under 20-9-707.

26 (12) A district shall, for ANB purposes, calculate the enrollment of an eligible Montana youth
27 challenge program participant as half-time enrollment.

28 (13) (a) A district may, for ANB purposes, include in the October and February enrollment counts an

1 individual who is otherwise eligible under this title and who during the prior school year:

2 (i) resided in the district;

3 (ii) was not enrolled in the district or was not enrolled full time; and

4 (iii) completed an extracurricular activity with a duration of at least 6 weeks.

5 (b) (i) Except as provided in subsection (13)(b)(ii), each completed extracurricular activity under
6 subsection (13)(a) may be counted as one-sixteenth enrollment for the individual, but under this subsection (13)
7 the individual may not be counted as more than one full-time enrollment for ANB purposes.

8 (ii) Each completed extracurricular activity lasting longer than 18 weeks may be counted as one-
9 eighth enrollment.

10 (c) For the purposes of this section, "extracurricular activity" means:

11 (i) a sport or activity sanctioned by an organization having jurisdiction over interscholastic
12 activities, contests, and tournaments;

13 (ii) an approved career and technical student organization, pursuant to 20-7-306; or

14 (iii) a school theater production.

15 (14) (a) For an elementary or high school district that has been in existence for 3 years or more, the
16 district's maximum general fund budget and BASE budget for the ensuing school fiscal year must be calculated
17 using the current year ANB for all budget units or the 3-year average ANB for all budget units, whichever
18 generates the greatest maximum general fund budget.

19 (b) For a K-12 district that has been in existence for 3 years or more, the district's maximum
20 general fund budget and BASE budget for the ensuing school fiscal year must be calculated separately for the
21 elementary and high school programs pursuant to subsection (14)(a) and then combined.

22 (15) The term "3-year ANB" means an average ANB over the most recent 3-year period, calculated
23 by:

24 (a) adding the ANB for the budget unit for the ensuing school fiscal year to the ANB for each of the
25 previous 2 school fiscal years; and

26 (b) dividing the sum calculated under subsection (15)(a) by three."
27

28 **Section 7.** Section 20-9-638, MCA, is amended to read:

1 **"20-9-638. Coal-fired generating unit closure mitigation block grant.** (1) (a) The office of public
 2 instruction shall provide a coal-fired generating unit closure mitigation block grant to each school district with a
 3 fiscal year 2017 taxable valuation that includes a coal-fired generating unit with a generating capacity that is
 4 greater than or equal to 200 megawatts, was placed in service prior to 1980, and is retiring or planned for
 5 retirement on or before July 1, 2022.

6 (b) The electronic reporting system that is used by the office of public instruction and school
 7 districts must be used to allocate the block grant amount into each district's general fund budget as an
 8 anticipated revenue source.

9 (2) Each year, 70% of each district's block grant must be distributed in December and 30% of each
 10 district's block grant must be distributed in May at the same time that guaranteed tax base aid is distributed.

11 (3) The block grant is equal to the amount received in fiscal year 2017 by the district general fund
 12 from the block grants provided for in former 20-9-630(4)(a) as that section read prior to July 1, 2017.

13 ~~(4) — (a) If the owner of a coal-fired generating unit that is retired or planned for retirement on or~~
 14 ~~before July 1, 2022, makes a payment in accordance with a retirement plan approved by the department of~~
 15 ~~environmental quality or a transition agreement with the governor and attorney general for the purpose of~~
 16 ~~decommissioning requirements and a portion of the payment is allocated to a school district for the purposes of~~
 17 ~~school funding cost shifts, then that portion must repay to the state general fund the cost of the block grant~~
 18 ~~payments under this section, as discounted in accordance with an agreement for payment to the state, on the~~
 19 ~~following schedule, not to exceed the limitation provided in subsection (4)(b):~~

20 ~~(i) — if the generating unit closes prior to June 30, 2018, 100% of the total block grant payments~~
 21 ~~under this section must be returned to the general fund;~~

22 ~~(ii) — if the generating unit closes during fiscal year 2019, 90% of the block grant payments under this~~
 23 ~~section must be returned to the general fund;~~

24 ~~(iii) — if the generating unit closes during fiscal year 2020, 80% of the block grant payments under~~
 25 ~~this section must be returned to the general fund;~~

26 ~~(iv) — if the generating unit closes during fiscal year 2021, 70% of the block grant payments under~~
 27 ~~this section must be returned to the general fund; and~~

28 ~~(v) — if the generating unit closes during fiscal year 2022 or on July 1, 2022, 60% of the block grant~~

1 ~~payments under this section must be returned to the general fund.~~

2 ~~(b) — Repayment under subsection (4)(a) may not exceed the amount of any portion of a payment~~

3 ~~allocated to a school district in accordance with a retirement plan or a transition plan."~~

4

5 NEW SECTION. **Section 8. Effective date.** [This act] is effective July 1, 2025.

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